



Legislative Bulletin.....December 6, 2007

Contents:

H.R. 6—Energy Independence and Security Act

H.R. 6—Energy Independence and Security Act (*Rahall, D-WV*)

NOTE: Americans for Tax Reform has announced that it will score a vote for this legislation as a vote to break its Taxpayer Protection Pledge.

Order of Business: On January 18, 2007, as part of the Democrat “100-Hour Agenda,” the House passed H.R. 6, a bill that would provide disincentives for the domestic production of oil and gas, capture additional royalties from some existing oil and gas leases, and steer additional federal dollars to alternative energy sources, by a vote of [264-163](#).

On June 21, 2007, the Senate amended H.R. 6 with many similar provisions included in other legislation subsequently passed by the House (described below) by a vote of [65-27](#).

On August 4, 2007, the House passed H.R. 3221, a bill that would grow the size of the federal government in order to fund energy programs and activities and enforce mandatory standards in the private sector and across all levels of government, by a vote of [241-172](#).

Also on August 4, 2007, the House passed H.R. 2776, a bill that would increase taxes on certain energy companies and provide a variety of tax incentives for producing renewable energy and for conserving energy, by a vote of [221-189](#).

To see the RSC Legislative Bulletin for:

- H.R. 6, go here:
http://www.house.gov/hensarling/rsc/doc/LB_011807_energy100hour.doc;
- H.R. 3221, go here:
http://www.house.gov/hensarling/rsc/doc/LB_080307_energyindependence.doc and here: http://www.house.gov/hensarling/rsc/doc/LB_080407_energyamdts.doc; and
- H.R. 2776, go here:
http://www.house.gov/hensarling/rsc/doc/LB_080307_energytax.doc and here: http://www.house.gov/hensarling/rsc/doc/LB_080407_energyamdts.doc.

Today, December 6, 2007, the House, subject to a closed rule ([H.Res. 846](#)) allowing no amendments, providing for no motion to recommit, and waiving all points of order except that for PAYGO, will take up the Senate-amended version of H.R. 6, strike the entire text, and insert an entirely new text.

KEY ISSUES:

Because of the short time-frame in which to read the 1055-page House amendment to the Senate amendment, this Legislative Bulletin features the key issues that the energy community has been following and about which conservatives may be concerned and should not be regarded as exhaustive.

Renewable Portfolio Standard. One of the most contentious energy issues this year has been the Renewable Portfolio Standard (RPS), also known as the Renewable Electricity Standard. RPS refers to proposed mandates on electricity-generating companies, regarding the proportion of renewable fuels they must use for power generation. Specifically, H.R. 6:

- Requires electric suppliers, other than governmental entities and rural electric cooperatives, to provide 15% of their electricity using renewable energy resources by the year 2020. This requirement would start at 2.75% in 2010, increase steadily to 15% in 2020, and remain at 15% through 2039.
- Creates renewable energy credits (able to be purchased or traded by the supplier, as further detailed in the bill), which may be used to satisfy up to 27% of an electricity supplier's renewable energy requirement in any given year. However, a governor would have to petition for the right of utilities in his or her state to use efficiency credits for up to 25% (inconsistent with the higher 27%) of the RPS obligation. Excess credits could be carried forward for up to three years, and credits may be borrowed from the federal government under certain circumstances before 2012.
- Provides for energy efficiency credits for retaining electricity consumers that reduce and/or recycle their electricity usage compared to a base year or facility.

The RPS language is being opposed by the Edison Electric Institute, as well as the U.S. Chamber of Commerce, the National Association of Manufacturers, the National Mining Association, and the United Mine Workers of America. These entities cite reasons such as the problems with a one-size-fits-all standard for all states (when renewable resources vary state-to-state), the preemption of state RPS standards, the likely spike in electricity prices, and the very nature of a federal mandate that does not account for market forces associated with renewable energy. The Bush Administration has indicated that inclusion of RPS above would likely yield a veto of the bill.

The Department of Energy's Energy Information Administration (EIA) notes that the generation of electricity is projected by year 2030 to come 61% from coal, 17% from natural gas, 16% from nuclear energy, 9% from renewables (same percentage as in 2005), and 2% from petroleum. <http://www.eia.doe.gov/oiaf/aeo/index.html>

Corporate Average Fuel Economy. Corporate Average Fuel Economy, or CAFÉ, refers to the 1975 federal fuel-efficiency mandate (required miles per gallon) on car-makers for their cars and light trucks sold in the United States. CAFÉ is calculated as an average per manufacturer. As of early 2004, CAFÉ for cars has been 27.5 miles per gallon (mpg), and CAFÉ for light trucks has been 20.7 mpg. Trucks under 8,500 pounds must average 22.5 mpg in 2008, 23.1 mpg in 2009, and 23.5 mpg in 2010. Specifically, H.R. 6:

- Directs the National Highway Traffic Safety Administration (NHTSA), beginning in 2011, to annually increase CAFÉ to at least 35 mpg by 2020 for new cars and light trucks and to the “maximum feasible average” by 2030—a 27.2% increase for cars and a 69% increase for light trucks.
- Requires that each domestically manufactured vehicle, beginning in 2011, get at least 27.5 miles per gallon (or 92% of the CAFÉ standard for that year, whichever is greater).
- Requires NHTSA to establish a program for medium and heavy duty trucks under which fuel economy standards would improve at the “maximum feasible” rate.
- Authorizes the creation of a credit-trading program (within certain limitations) so that manufacturers that exceed CAFÉ can sell credits to manufacturers that fall short and so that manufacturers can transfer credits within their own fleets, as needed to avoid CAFÉ-noncompliance penalties.
- Requires the creation of a consumer information program to convey information about the above mandates in an easy-to-understand manner.
- Decreases over time (through 2019) the portion of a manufacturer’s average fuel economy that may be attributable to dual-fueled vehicles.
- Requires the creation of a national consumer education program about the effects of tires on fuel efficiency.

Some conservatives have questioned whether CAFÉ standards, let alone increasing such standards, are appropriate actions of the federal government. They are mandates on the private sector that have direct implications for industry costs and consumer prices. There are existing market forces that would encourage automakers to increase their fuel economy averages, not the least of which are high gas prices and increasing consumer demand. It is unclear why the federal government needs to artificially mandate that automakers increase the fuel economy averages, especially when such non-market timeframes and requirements in this instance could lead to sacrifices on safety (because of the need to manufacture lighter vehicles).

Renewable Fuel Standard. The Renewable Fuel Standard (RFS) refers to the federal mandates on gasoline sold at market by energy companies and the extent to which it must contain renewable components (like ethanol made from corn). The RFS program would have to increase the volume of renewable fuel required to be blended into gasoline to 9.0 billion gallons by 2008, 15.2 billion gallons by 2012, 22.3 billion by 2016, and 36 billion gallons by 2022, with several sub-mandates along the way for biodiesel, advanced biofuel (defined as essentially anything other than corn starch), and cellulosic ethanol. This mandate excludes such alternative fuels as coal-to-liquids, compressed natural gas, electricity, oil shale, and biomass from overgrown, fire-prone forests on federal land. RFS contains mandatory

greenhouse gas reduction requirements for new ethanol facilities, but excludes all existing ethanol facilities from this requirement. RFS also allows for credits for refining, blending, or importing renewable fuels in excess of the mandated levels.

Some conservatives have expressed concerns that the RFS language proposes artificial, unrealistic sub-mandates, included to satisfy certain interest groups, and could *increase* gas prices. While the aggregate mandate is itself a problematic and questionable interference in the private market, the sub-mandates reduce flexibility and make it difficult to adhere to the aggregate mandate.

Fuel industry sources indicate that the RFS mandates require unattainable quantities of biofuels, requiring technologies that are not commercially available today, with almost no consideration of cost or price to consumers. For example, industry sources report that the 2008 and possibly 2009 mandates cannot be met because adequate ethanol blending infrastructure is nonexistent to yield the required volumes and because some of the listed advanced biofuels remain commercially unavailable. H.R. 6, for example, would require 100 million gallons of cellulosic biofuel by 2010, yet projected production of cellulosic biofuel is only 27 million gallons for 2010.

Additionally, RFS is a hidden tax on producers (because they have to pay penalties for failing to meet the unrealistic standards) and thus consumers. RFS makes no accounting for the environmental effects of alternative fuels. For example, it takes significantly more volume of biofuels like ethanol to yield the same energy output from fossil fuels, which then requires more land for growing corn and other renewable resources, massive increases in water use, and continuing rises in food prices (since corn would become more in demand for the federally-mandated fuels and since corn is fed to many animals, such as cows, that are major contributors to our food supply). In other words, as a result of this new mandate, consumers across America are going to experience increases in their grocery bills, and those who are least likely to be able to afford such increases will be those on fixed incomes, like seniors and poor people.

According to the Renewable Fuels Association, the U.S. uses 25% of the world's energy and produces 35% of the world's ethanol, which is second only to Brazil. After Brazil, the U.S. produces more than all other countries combined. The EIA notes that ethanol yields about one-third less mileage than gasoline and cannot be transported in pipelines.

Furthermore, a study coauthored by Nobel-prize-winning chemist Paul Crutzen said corn ethanol might exacerbate climate change through increased emissions of nitrous oxide, a greenhouse gas 300 times more potent than carbon dioxide.

Tax Increases. The House amendment to H.R. 6 contains **\$21.5 billion in various tax increases over ten years.** Most prominently, H.R. 6 would repeal various tax incentives for oil and gas production, and thus would increase taxes on oil and gas companies. It is difficult to see the logic of how making it more expensive for oil and gas companies to conduct business in America will somehow reduce gas prices and decrease our reliance on foreign oil.

One such tax increase would be the **denial of a corporate tax deduction** for income attributable to the production, refining, processing, transportation, and distribution of oil, natural gas, or any primary product thereof, beginning in 2008, for the five largest oil and gas companies. For any other (i.e. smaller) oil and gas manufacturing activity that would still qualify for the deduction, the rate would be permanently frozen at 6%, instead of rising to 9%, as scheduled under current law. According to the Joint Committee on Taxation, this provision would amount to a \$10.0 billion tax increase on oil and gas companies over ten years.

Current law (26 U.S.C. 199), passed as part of the “FSC-ETI” bill (Public Law 108-357), provides for a (phased-in 9%) corporate tax deduction for most domestic economic manufacturing and production (except retail food sales and the transmission or distribution of electricity, natural gas, or drinkable water). This tax deduction was a replacement for the extraterritorial income (“ETI”) exclusion deemed not to be compliant with requirements of the World Trade Organization. The underlying bill would add oil and gas production and distribution as an exception to this deduction so that they could not deduct such expenditures (and thus be subject to a substantial tax increase). This would amount to a multi-million-dollar tax increase on oil and gas companies that could yield higher energy prices for consumers. Disincentives for domestic energy production and investment naturally make foreign energy investment and reliance more attractive.

Democrats have cited exorbitant oil-industry profits as the prime motivation behind this legislation. However, over the last five years, the oil and gas industry’s earnings per dollar of sales have averaged 5.9 cents, compared to 5.2 cents average for all of American industry. Furthermore, Americans for Tax Reform has noted that, “Almost all large oil and gas companies are publicly-traded entities, whose shares are owned by millions of investors through their 401(k) plans, retirement plans and pension funds. Taxing away the earnings of those companies negatively impacts the ability of hard-working Americans to achieve a more financially secure future.”

On January 16, 2007, the Wall Street Journal editorialized about H.R. 6 that “the biggest winner may be OPEC.” On the same day, the New York Times editorialized in regard to the repeal of tax incentives in H.R. 6: “Fair enough, but that’s not an energy policy.”

Another financial hit on oil and gas companies in the bill would be the **modification of the method by which they calculate their foreign tax credits**. Specifically, the bill would require foreign-based income to be reclassified as foreign oil and gas extraction income (FOGEI) for purposes of calculating the foreign tax credit. The Republican staff of the Ways & Means Committee notes that the rules governing FOGEI are more stringent than the general rules governing calculation of foreign tax credits, resulting in a smaller overall foreign tax credit for companies with non-U.S. oil and gas production income. According to the Joint Committee on Taxation, this section would amount to a \$3.2 billion tax increase on oil and gas companies over ten years.

Another tax increase in the bill would be the extension, from five years to seven years, of the **amortization of geological and geophysical expenditures for certain large oil companies** for the purposes of calculating a tax deduction (and thereby making the resulting tax

deduction smaller each year). Such expenditures are exploratory costs for gathering data (e.g. seismic surveys) on where resources are and how best to extract them. According to the Joint Committee on Taxation, this provision would amount to a \$103 million tax increase on oil and gas companies over ten years.

These tax increases directly target oil and gas companies, which provide the fuel and other products vital to our nation's economy, standard of living, and well-being. Presumably, such targeting is punishment for making profits, which is the goal of any business, yet they will ultimately be punishments on consumers suffering from higher energy prices.

Additionally, H.R. 6 would also extend until the end of 2017 the **excise tax on coal sold by producers from underground and surface mines** in the U.S., at an estimated cost to taxpayers of \$842 million over ten years. And the bill would extend by one year the temporary surtax of 0.2% of taxable wages as part of the Federal Unemployment Tax Act (FUTA) tax rate, at a cost to taxpayers of \$1.45 billion over ten years.

Mysteriously, H.R. 6 would also contain a significant, non-energy tax increase that is also included in Rep. Charles Rangel's "Mother of All Tax Hikes" bill (H.R. 3970). This provision would mandate cost-basis reporting by brokers for transactions involving publicly traded securities, beginning on securities acquired in 2009 (and on all other financial instruments acquired in 2011 and thereafter). Penalties would be assessed for failing to provide the broker the required information for certain transfers. According to the Joint Committee on Taxation, this provision would amount to a \$4.27 billion tax increase over ten years.

Finally, this bill would increase the estimated tax payments that certain corporations must remit to the federal government. Under current law, corporations with assets of at least \$1 billion must make estimated tax payments for the third quarter of 2012 that are 115% of the estimated payment otherwise due. The payment due for the fourth quarter of 2012 is reduced accordingly so that the corporations pay no net increase in estimated payments in 2012. H.R. 6 would increase this 115% figure to 121.5%. This increase would force applicable companies to increase their estimated payments by **\$3.8 billion** in the last quarter of FY2012 (though they would be offset by a corresponding reduction in the subsequent quarter).

NOTE: This provision is merely a revenue timing shift, a budget gimmick used to comply with the House's PAYGO rules and has no net budget effect over ten years. Without this gimmick, the bill would fail the PAYGO test for the five-year period.

Commercial Products Mandates. H.R. 6 would implement a variety of new mandates on commercial products, as follows:

- Requires new energy efficiency standards (to vary by region) for home appliances, such as dehumidifiers, residential clotheswashers, residential dishwashers, refrigerators, freezers, electric motors, and residential boilers.
- Requires that, after July 1, 2010, certain consumer appliances and industrial equipment, when in standby mode, would have to operate with not more than one watt of electric power (subject to exceptions).

- Prohibits the sale of certain light bulbs after January 1, 2012, and includes dozens of pages of new regulations on lightbulbs and lamps.

Federal Buildings. H.R. 6 would create a slew of new building and energy-use mandates for federal agencies. For example, starting in 2010, federal agencies would have to reduce emissions of greenhouse gases in order to achieve net zero emissions by 2050. The bill would establish a two-year cap-and-trade pilot program (authorized at “such sums”) for federal agency purchases of greenhouse gas offsets (as detailed in the legislation) and renewable energy certificates.

Furthermore, the Secretary of Energy would have to promulgate energy-efficiency standards for new (and renovated) federal buildings so that such buildings could reduce their fossil-fuel-generated energy consumption by certain percentages (as detailed in the bill), resulting in a 55% reduction by 2010 and a 100% reduction by 2030. New building leases on buildings that are not Energy Star compliant would be prohibited (beginning three years after this bill’s enactment and subject to exception).

Private Building Mandates. The General Services Administration would be directed to produce a national standard so that all commercial buildings are net-zero-energy commercial buildings by 2050 (new buildings by 2030).

Davis-Bacon Expansion. H.R. 6 would expand [Davis-Bacon prevailing wage requirements](#), which artificially increase the labor costs of certain federally-funded construction projects, in numerous respects, including:

- Applying Davis-Bacon to the railroad improvements grant program.
- Applying Davis-Bacon to the carbon sequestration program.
- Applying Davis-Bacon to all projects funded with the proceeds of any tax-credit bond (not just the ones referenced in this legislation).

Tax Credits and Other Incentives. H.R. 6 contains a multitude of tax credits and other financial incentives for alternative energy production and use, a sample of which is as follows:

- Extends the 10% tax credit for one year (through December 31, 2008) for expenditures to improve the energy efficiency of an existing home, and extends the energy-efficient commercial buildings deduction for five years (through December 31, 2013).
- Extends the renewable energy tax credit (2.0 cents per kilowatt/hour for electricity generated from wind, biomass, geothermal, solar, landfill gas, trash combustion, etc., indexed for inflation) for an additional four years, from the end of 2008 through the end of 2012.
- Allows the tax credits for refined coal and Indian coal to expire at the end of 2008.
- Extends the 30% investment tax credit for solar and fuel cell property for commercial use from the end of 2008 to the end of 2016, and permits the credit to be claimed against the AMT.

- Creates a new personal or business tax credit up to \$3,000 for plug-in hybrid automobiles (based on battery capacity).
- Extends the biodiesel credit and the renewable diesel credit for two years, from the end of 2008 to the end of 2010. Makes the renewable diesel credit technology-neutral and requires that renewable diesel be vehicle-quality fuel.
- Creates a new 50-cents-per-gallon tax credit for producers of cellulosic alcohol (i.e. cellulosic ethanol). The Republican staff of the Ways & Means Committee notes that this credit would be in addition to the general ethanol credit of 51 cents per gallon. The 51-cent credit would be reduced by five cents beginning with the first calendar year after the year in which 7.5 billion gallons of ethanol (including cellulosic ethanol) is produced.
- Terminates the remaining portions of the New York Liberty Zone tax incentives program (implemented to encourage business investment in lower Manhattan)—the first-year 30% depreciation allowance and the additional section 179 expensing in the case of nonresidential real property and residential rental property.
- Requires the federal government to surrender its claim to \$2 billion (over twelve years) in federal income taxes withheld on New York City and state employees as part of the Liberty Zone program. **These surrendered funds could be used by New York for any transportation infrastructure project, including highways, mass transit, railroads, etc.**
- Extends the efficient commercial building tax deduction from the end of 2008 through the end of 2013. (The current deduction is \$1.80 per square foot of the property for which expenditures are made to reduce the energy consumption of a commercial building by 50%.).
- Extends the manufacturer's tax credit for the production of energy efficient dishwashers, clothes washers, and refrigerators—and provides new tax credits for energy efficient dehumidifiers. Limits a manufacturer's total claim of credits under this section to \$75 million per year.
- Creates tens of billions of dollars in new tax credit bonds for various conservation efforts (including one for qualified parcels of forest land that are at least 40,000 acres, touch parkland, and are subject to a "native fish habitat conservation plan" approved by the U.S. Fish and Wildlife Service—yet there does not appear to be any requirement that these forestry bonds be used for forest preservation).

Poverty Programs. H.R. 6 contains at least three anti-poverty programs, despite minimal relevance to energy needs. For example, the bill would establish competitive National Energy Training Partnership Grants for eligible entities to carry out training that leads to economic self sufficiency. It is possible that such grants could help free up funds for liberal political and advocacy activities in which certain anti-poverty groups, like ACORN, engage.

Smart Grid. The bill would establish a task force to facilitate the adoption of "investment" programs in "Smart Grid" standards, technologies, and practices (i.e. modernizing, digitizing, and automating the nation's electricity grid).

Additional Information on Renewables: According to the Department of Energy's Energy Information Administration (EIA), all renewable energy sources provide 3.1 % of our current

energy supply. Wind power produces 0.1% of our energy, and solar provides less than 0.01% of our energy supply, while ethanol provides 1.2% of our transportation fuel and hydrogen fuel cells are not currently in mass production.

The EIA reports that hydrogen fuel requires large amounts of energy to produce, must be stored near absolute zero, and is highly explosive.

The EIA also reports that solar power requires tremendous amounts of space to produce (6,750 acres to produce the same amount of power that a conventional gas-fired 500 megawatt plant produces on 55 acres) and requires duplicate conventional capacity for when the sun is not shining. The EIA projects that solar will supply 0.6% of the country's total energy supply by the year 2030.

Wind power also has a space problem. Windmills require 29,250 acres to produce the same amount of power that a conventional gas-fired 500 megawatt plant produces on 55 acres and requires duplicate conventional capacity for when the wind isn't blowing. The EIA projects that wind will supply 0.5% of the country's total energy supply by the year 2030.

The EIA projects that all biomass will supply 0.6% of the country's total energy supply by the year 2030.

Source for much of the above: <http://www.eia.doe.gov/oiaf/aeo/index.html>. Additional information was provided by Winninggreen, LLC.

Despite the uncertainties of renewable fuels, private investment in them has soared. On January 16, 2007, the Wall Street Journal noted that, "The research firm New Energy Finance has found that between 2004 and 2006 investment in alternative energy doubled to \$63 billion. Venture capital funding of green-energy technologies has quadrupled since 1998."

Possible Additional Conservative Concerns: In addition to the key issues discussed above, there are many additional aspects of this legislation about which conservatives may be concerned, including but not necessarily limited to:

- The use of an energy bill to create a variety of new anti-poverty programs, freeing up funds that liberal groups like ACORN could use on political advocacy.
- The authorization of "such sums" for clean and energy efficient technologies in other countries.
- The creation of a government-run venture capital program, something which has thus far been synonymous with market capitalism.
- The creation of dozens of new, often duplicative programs.
- The creation of a \$25 million university-based renewable energy research program in title II with criteria for priority consideration so specific that only one or two universities in the entire country would likely qualify.
- The building and procurement standards for federal agencies, which are likely to yield difficulties and increased costs for such agencies, at the expense of taxpayers.
- The requirement that states adhere to a federal building energy code.

- The creation of a \$125 million-per-year energy efficient and renewable energy worker training program, subject to the Workforce Investment Act of 1998 worker protection and nondiscrimination provisions and consultation with labor organizations representing affected workers.
- The creation of an Office of Climate Change and Environment in the Department of Transportation.
- \$4.6 billion in new authorizations for the Weatherization Assistance Program.
- The requirement to establish energy efficiency standards for manufactured housing.
- Allowing recipients of punitive damage settlements from the Exxon-Valdez oil spill to spread such income over three years, thereby allowing damage recipients to use losses in these past years to offset taxes they would otherwise pay. Up to \$100,000 in payments could be contributed to an IRA, even if the recipient had already reached his or her contribution limits.

Furthermore, conservatives may also be concerned about what is omitted from the legislation, such as provisions to facilitate the increased supply of proven energy sources in active commercial use today. That is, there are no provisions to allow for increased energy exploration on the Outer Continental Shelf, in the Arctic National Wildlife Refuge (ANWR), or in other lands in the American interior. Additionally, the legislation lacks language expediting the oil refinery permitting process so that more fuel could be brought to market faster.

Administration Position: Although a Statement of Administration Policy (SAP) was not available at press time, in a letter to Speaker Nancy Pelosi (D-CA) this week from the Director of the National Economic Council, Allan Hubbard, the Administration renewed its opposition to a Renewable Portfolio Standard (“RPS,” mandates on fuels used for power generation), energy tax increases, and expansion of Davis-Bacon prevailing wage requirements. The letter also criticizes a Renewable Fuels Standards (“RFS,” mandates on the fuels sold at market by energy companies), as well as the Corporate Average Fuel Economy language (“CAFÉ,” increased mandates on the fuel efficiency of vehicles sold in the United States). The letter implied that the RPS, tax, and Davis-Bacon language could yield a veto from President Bush, while the RFS and CAFÉ may not.

The Hubbard letter also indicates that the Administration may seek to implement its preferred RFS and CAFÉ provisions through regulation, if legislation is unacceptable or fails to get to the President’s desk.

Cost to Taxpayers: CBO and JCT estimate that the House amendments to H.R. 6 would increase mandatory spending by \$179 million in FY2008, by \$3.04 billion over the FY2008-FY2012 period, and by \$2.93 billion over the FY2008-FY2017 period. Additionally, CBO and JCT estimate that the bill would increase revenues by a net \$137 million in FY2008, by \$3.24 billion over the FY2008-FY2012 period, and by \$3.25 billion over the FY2008-FY2017 period.

In short, the bill is PAYGO-compliant by \$200 million over the F2008-FY2012 period and by about \$320 million over the FY2008-FY2017 period.

No CBO estimate for the tens of billions of dollars in discretionary authorizations is available.

Does the Bill Expand the Size and Scope of the Federal Government? (H.R. 3221): Yes, the bill would create dozens of new federal programs, offices, and mandates.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates? (H.R. 3221): Yes, numerous intergovernmental and private-sector mandates, mainly regarding energy efficiency standards and compliance. The denial of deduction for income attributable to domestic production of oil, natural gas, or primary products thereof; and the clarification of determination of foreign oil and gas extraction income would also qualify as private-sector mandates under the Unfunded Mandates Reform Act (UMRA).

Does the Bill Comply with House Rules Regarding Earmarks?: An earmarks statement was not available at press time. It is unclear whether such a statement would be required, since technically the House is motioning to amend Senate amendments, which may not trigger the earmark rule.

Constitutional Authority: A report citing constitutional authority for the numerous provisions on this bill was not available at press time.

Outside Organizations: **Americans for Tax Reform has announced that it will score a vote for this legislation as a vote to break its Taxpayer Protection Pledge.**

Other groups opposing the legislation include (ones with a star are scoring or potentially scoring the bill in their annual ratings of Congress):

- American Chemistry Council
- American Conservative Union*
- American Petroleum Institute
- Americans for Prosperity
- Americans for Tax Reform*
- Business Roundtable
- Competitive Enterprise Institute
- Consumer Alliance for Energy Security
- Council for Citizens Against Government Waste*
- Family Research Council
- FreedomWorks
- Independent Petroleum Association of America
- National Association of Manufacturers
- National Petrochemical and Refiners Association
- National Taxpayers Union*
- Natural Gas Supply Association
- Property Rights Alliance
- 60 Plus

- Small Business and Entrepreneurship Council*
- U.S. Chamber of Commerce
- U.S. Oil & Gas Association

The Heritage Foundation has issued [a paper](#) opposing several of the key proposals contained in the amendments to H.R. 6.

RSC Bonus Fact: Thomas Edison invented the light bulb and the first electric power station without one penny of federal funds.

http://www.eei.org/industry_issues/industry_overview_and_statistics/history/#invention

RSC Staff Contact: Paul S. Teller, paul.teller@mail.house.gov, (202) 226-9718